

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

<http://www.state.in.us/iurc/>
Office: (317) 232-2701
Facsimile: (317) 232-6758

FILED

**IN THE MATTER OF THE PETITION OF)
NORTHEASTERN RURAL ELECTRIC)
MEMBERSHIP CORPORATION FOR)
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR ELECTRIC SERVICE AND FOR)
APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES APPLICABLE THERETO)**

JAN 06 2004

**INDIANA UTILITY
REGULATORY COMMISSION
CAUSE NO. 42473**

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") makes the following Entry in this Cause:

On December 31, 2003, the parties to this Cause: Northeastern Rural Electric Membership Corporation ("Petitioner") and the Indiana Office of Utility Consumer Counselor filed their *Submission of Joint Proposed Order, Settlement Agreement and Supporting Testimony*. The Presiding Officers and assigned Commission staff have reviewed this submission, as well as Petitioner's prefiled case-in-chief, and, in anticipation of the Evidentiary Hearing scheduled for January 8, 2003, request responses to the following clarifying questions:

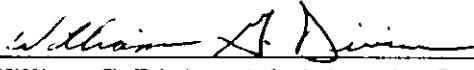
1. Paragraph 1 on Page 2 of the Settlement Agreement provides the calculation of the revenue requirements. It is unclear how the Debt Service amount of \$2,165,393 and the Extensions and Replacements amount of \$3,372,732 were calculated. If the calculations of these amounts were specifically presented in the Petitioner's case-in-chief please reference the supporting schedules of the Petitioner's case-in-chief. If not, please provide a supporting schedule showing how the amounts were calculated. Please provide discussion as to why the settling parties believe the amounts are reasonable.
2. Exhibit JCL-2, page 6, calculates the pro forma revenue for the Residential and Farm Service Rate (10-1). For sales over 1,500 kWh a rate of .0500 is used to calculate estimated revenue of \$2,745,881. Please explain why Petitioner used a rate of .0500 versus the actual tariff rate of .0555.
3. Exhibit JCL-2, page 20, shows pro forma adjustments for property taxes and utility receipts tax.
 - a. Please provide the supporting work papers for the property tax calculations.
 - b. More specifically, provide the actual property tax paid in 2003. Does this reflect the most current assessment?

- c. Please provide the supporting calculations and any other support for how Petitioner determined that property tax of \$900,000 was the correct amount for the pro forma test year.

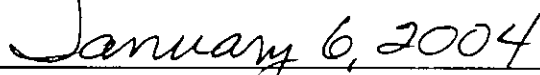
IT IS SO ORDERED.



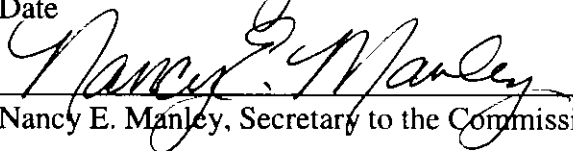
David W. Hadley, Commissioner



William G. Divine, Administrative Law Judge



Date



Nancy E. Manley, Secretary to the Commission